



Proposed Agency Information Collection Activities; Comment Request

AGENCY: Board of Governors of the Federal Reserve System.

ACTION: Notice, request for comment.

SUMMARY: The Board of Governors of the Federal Reserve System (Board) invites comment on a proposal to extend for three years, with revision, the Weekly Report of Selected Assets and Liabilities of Domestically Chartered Commercial Banks and U.S. Branches and Agencies of Foreign Banks (FR 2644; OMB No. 7100-0075).

DATES: Comments must be submitted on or before [insert date 60 days after publication in the *Federal Register*].

ADDRESSES: You may submit comments, identified by FR 2644, by any of the following methods:

- Agency Website: <https://www.federalreserve.gov/>. Follow the instructions for submitting comments at <https://www.federalreserve.gov/apps/foia/proposedregs.aspx>.
- E-mail: regs.comments@federalreserve.gov. Include the OMB number or FR number in the subject line of the message.
- FAX: (202) 452-3819 or (202) 452-3102.
- Mail: Ann E. Misback, Secretary, Board of Governors of the Federal Reserve System, 20th Street and Constitution Avenue, NW, Washington, DC 20551.

All public comments are available from the Board's website at <https://www.federalreserve.gov/apps/foia/proposedregs.aspx> as submitted, unless modified for technical reasons or to remove personally identifiable information at the commenter's request. Accordingly, comments will not be edited to remove any confidential business information, identifying information, or contact information. Public comments may also be viewed electronically or in paper in Room 146, 1709 New York Avenue, NW, Washington, DC 20006, between 9:00 a.m. and 5:00 p.m. on weekdays. For security reasons, the Board requires that

visitors make an appointment to inspect comments. You may do so by calling (202) 452-3684. Upon arrival, visitors will be required to present valid government-issued photo identification and to submit to security screening in order to inspect and photocopy comments.

Additionally, commenters may send a copy of their comments to the Office of Management and Budget (OMB) Desk Officer for the Federal Reserve Board, Office of Information and Regulatory Affairs, Office of Management and Budget, New Executive Office Building, Room 10235, 725 17th Street, NW, Washington, DC 20503, or by fax to (202) 395-6974.

FOR FURTHER INFORMATION CONTACT: Federal Reserve Board Clearance Officer – Nuha Elmaghrabi – Office of the Chief Data Officer, Board of Governors of the Federal Reserve System, Washington, DC 20551, (202) 452-3829.

SUPPLEMENTARY INFORMATION: On June 15, 1984, OMB delegated to the Board authority under the Paperwork Reduction Act (PRA) to approve and assign OMB control numbers to collections of information conducted or sponsored by the Board. In exercising this delegated authority, the Board is directed to take every reasonable step to solicit comment. In determining whether to approve a collection of information, the Board will consider all comments received from the public and other agencies.

During the comment period for this proposal, a copy of the proposed PRA OMB submission, including the draft reporting form and instructions, supporting statement, and other documentation, will be made available on the Board's public website at <https://www.federalreserve.gov/apps/reportforms/review.aspx> or may be requested from the agency clearance officer, whose name appears above. Final versions of these documents will be made available at <https://www.reginfo.gov/public/do/PRAMain>, if approved.

Request for Comment on Information Collection Proposal

The Board invites public comment on the following information collection, which is being reviewed under authority delegated by the OMB under the PRA. Comments are invited on the following:

- a. Whether the proposed collection of information is necessary for the proper performance of the Board's functions, including whether the information has practical utility;
- b. The accuracy of the Board's estimate of the burden of the proposed information collection, including the validity of the methodology and assumptions used;
- c. Ways to enhance the quality, utility, and clarity of the information to be collected;
- d. Ways to minimize the burden of information collection on respondents, including through the use of automated collection techniques or other forms of information technology; and
- e. Estimates of capital or startup costs and costs of operation, maintenance, and purchase of services to provide information.

At the end of the comment period, the comments and recommendations received will be analyzed to determine the extent to which the Board should modify the proposal.

Proposal under OMB Delegated Authority to Extend for Three Years, With Revision, the Following Information Collection:

Report title: Weekly Report of Selected Assets and Liabilities of Domestically Chartered Commercial Banks and U.S. Branches and Agencies of Foreign Banks.

Agency form number: FR 2644.

OMB control number: 7100-0075.

Frequency: Weekly.

Respondents: Domestically chartered commercial banks and U.S. branches and agencies of foreign banks.

Estimated number of respondents: 850.

Estimated average hours per response: 2.19.

Estimated annual burden hours: 96,798.

General description of report: The FR 2644 is a balance sheet report that is collected as of each Wednesday from an authorized stratified sample of 875 domestically chartered commercial banks and U.S. branches and agencies of foreign banks. The FR 2644 is the only source of high-frequency data used in the analysis of current banking developments. The FR 2644 collects sample data that are used to estimate universe levels for the entire commercial banking sector in conjunction with data from the quarterly commercial bank Consolidated Reports of Condition and Income (FFIEC 031, FFIEC 041, and FFIEC 051; OMB No. 7100-0036) and the Report of Assets and Liabilities of U.S. Branches and Agencies of Foreign Banks (FFIEC 002; OMB No. 7100-0032) (Call Reports). Data from the FR 2644 and the Call Reports are utilized in construction of weekly estimates of U.S. bank credit, balance sheet data for the U.S. commercial banking sector, and sources and uses of banks' funds, and to analyze current banking developments, including the monitoring of broad credit and funding conditions. The Board publishes the data in aggregate form in the weekly H.8 statistical release, *Assets and Liabilities of Commercial Banks in the United States*, which is followed closely by other government agencies, the banking industry, financial press, and other users.¹ The H.8 release provides a balance sheet for the commercial banking industry as a whole as well as data disaggregated by its large domestic, small domestic and foreign-related bank components.

Proposed revisions: The Board proposes four revisions to simplify and reduce the overall reporting burden associated with the FR 2644 report. The proposed FR 2644 reporting form would consist of 29 balance-sheet items and no memoranda items, an overall reduction of two data items, and be collected from fewer respondents.

Proposed elimination of two data items

Data item M.1, Net unrealized gains (losses) on available-for-sale securities, has been included on the FR 2644 reporting form since July 1, 2009, when this report was first used to collect data for all bank groups (large, small, and foreign-related). Before that, this item appeared

¹ The H.8 release is available on the Board's website, <http://www.federalreserve.gov/releases/h8/current/default.htm>.

on the FR 2416 reporting form (Weekly Report of Assets and Liabilities for Large Banks) beginning October 2, 1996. Data item M.1 was added to the FR 2416 form, and included in the subsequent single FR 2644 form, to better understand how changing interest rates and market valuations affect the fair value of banks' available-for-sale securities.

Data item M.1.a, Net unrealized gains (losses) on available-for-sale securities, U.S. Treasury and U.S. government agency obligations, mortgage-backed securities, was added to the FR 2644 as of January 7, 2015. Since M.1.a was the largest component of M.1, its addition enabled staff to split the residual (M.1 less M.1.a) into estimates of the effects on the fair value of the remaining two categories of securities included on the FR 2644 reporting form.

The recommendation to discontinue the collection of these two data items is based on the following two factors:

1) There is insufficient additional information available from the weekly data relative to the corresponding Call Report data. The reporting instructions for these items state that banks that do not revalue daily or weekly should report the most recent value available. In reviewing the weekly data, the Board's experience has been that many banks, including some large banks, revalue only quarterly, when filing Call Reports. For these banks, the weekly data add no more value than the corresponding Call Report data.

2) Banks that do not report item M.1 on the Call Report are being asked to report the item weekly on the FR 2644. Beginning March 31, 2015, only banks that use the accumulated other comprehensive income (AOCI) opt-out election on Call Report Schedule RC-R, Regulatory Capital Components and Ratios, report net unrealized gains (losses) on the Call Reports. (Banks that do not report these values on the Call Reports, which includes all advanced approaches institutions, include net unrealized gains (losses) in the AOCI component.) In addition, item M.1.a, net unrealized gains (losses) related to mortgage-backed securities, was never included on the Call Reports. The Board generally seeks to collect data items on the FR 2644 that are comparable, if not identical, to items appearing on the Call Reports. This standard simplifies

reporting for weekly respondents, allows the Board to perform interseries edits of the FR 2644 data with corresponding Call Report data, and enables estimation, based on Call Report data, of the universe of banks. Currently, data items M.1 and M.1.a do not meet this standard.

Proposed definitional changes for FFIEC 002 filers

Currently, all respondents on the FR 2644 panel are instructed to include loans to individuals in one of the three consumer loan categories on the reporting form. However, for FFIEC 002 filers (U.S. agencies and branches of foreign banks), this instruction does not match the reporting of these data on their Call Report. U.S. branches and agencies of foreign banks are instructed to combine any consumer loans they might hold with other, non-segregated loans on the FFIEC 002,² unlike their domestically chartered counterparts who have comparable consumer loan items on their Call Reports. Thus, these FFIEC 002 reporters have been asked to report weekly data on the FR 2644 that are not required on their quarterly Call Reports. For respondents to the FR 2644 that file the FFIEC 002, the Board proposes to revise the instructions for the FR 2644 to match those of the FFIEC 002—to instruct FFIEC 002 filers to include consumer loans in all other loans and leases on the FR 2644.

Likewise, all respondents to the FR 2644 panel report loans and leases gross of any allowances for loan and lease losses, with a separate entry for these allowances. However, the FFIEC 002 instructs U.S. agencies and branches of foreign banks to net loans and leases of any specific reserves. The Board recommends amending the FR 2644 instructions for these reporters to match those for the FFIEC 002. Thus, U.S. agencies and branches of foreign banks would net any specific reserves from the loan items and leave the allowance for loan and lease losses (item 4.g) blank.

The reasons for these proposed changes are the same as those listed in bullet item 2 above: simplification of reporting, performance of interseries edits, and ability to create universe

² Prior to July 2009, foreign-related institutions filed the FR 2069 report, which was tailored to that bank group and did not include consumer loan items; on that report, consumer loans were included in “all other loans.”

estimates. Both changes in reporting instruction will only affect a handful of U.S. branches and agencies of foreign banks, as most of these institutions do not issue consumer loans or establish accounts for loan and lease losses.

Proposed definitional change for small domestically chartered commercial banks

The FR 2644 reporting form captures loans to, and acceptances of, commercial banks in the U.S. (item 4.b) to isolate interbank lending which is not considered a true measure of bank credit and their willingness to lend. However, the smallest respondents (those FFIEC 041 filers with less than \$300 million in assets and all FFIEC 051 filers) only report loans to depository institutions and acceptances of other banks on their respective Call Reports and therefore, their data for this item frequently fails comparisons to Call Report data (interseries edits). Therefore, the Board proposes to revise the reporting instructions for these two bank groups—FFIEC 041 filers with less than \$300 million in assets and FFIEC 051 filers would report loans to depository institutions—to minimize reporting discrepancies and to align reporting with the Call Reports.

Reduce the authorized sample

The FR 2644 panel has an authorized maximum respondent panel size of 875 domestically chartered commercial banks and U.S. branches and agencies of foreign banks. Currently, the panel consists of 792 total reporters—727 domestically chartered banks and 65 foreign-related institutions³—covering all 12 Federal Reserve Districts. The panel accounts for about 89 percent of the total assets of U.S. commercial banks, as well as a high level of coverage for most reported items. While the number of panel respondents tends to run below the authorized size due to mergers among reporters and loss of respondents due to the voluntary nature of the collection, the current number of respondents is unusually low relative to the authorized size because the recruitment of new respondents was temporarily paused with the onset of the COVID-19 pandemic in 2020.

³ As of March 31, 2021. Two branches in the Second District file combined reports on the FR 2644.

Quarterly Call Reports are used to benchmark the universe estimates of small domestically chartered banks⁴ and foreign-related institutions. Average revisions to the estimates of small banks over the last 16 benchmarks—from March 2017 to December 2020—were somewhat larger than those over the previous renewal cycle, while those for the foreign-related institutions shrank considerably. While the average revisions are not overly large, they are still significant. Even so, the Board proposes reducing the authorized panel size from 875 to 850 in light of the continuing consolidation in the commercial bank universe as well as the ongoing difficulty in attracting and maintaining respondents due to the voluntary nature of this collection.

Legal authorization and confidentiality: The FR 2644 is authorized by section 2A of the Federal Reserve Act (FRA), which states that the Board “shall maintain long run growth of the monetary and credit aggregates commensurate with the economy’s long run potential to increase production, so as to promote effectively the goals of maximum employment, stable prices, and moderate long-term interest rates” (12 U.S.C. 225a.) and by section 11(a)(2) of the FRA, which authorizes the Board to require a depository institution to provide “reports of its liabilities and assets as the Board may determine to be necessary or desirable to enable the Board to discharge its responsibility to monitor and control monetary and credit aggregates” (12 U.S.C. 248(a)(2)). Section 7(c)(2) of the International Banking Act of 1978 makes U.S. branches and agencies of foreign banks subject to the reporting requirements of section 11(a)(2) of the FRA (12 U.S.C. 3105(c)(2)). The FR 2644 is voluntary, although the Board would have the authority to require depository institutions to file these reports.

Although the Board releases aggregate data derived from the FR 2644 in the weekly H.8 Statistical Release, individual bank information provided by each respondent is treated as confidential because that information constitutes nonpublic commercial or financial information, which is both customarily and actually treated as private by the respondent, and thus may be kept

⁴ Small domestic banks are those not in the top 25 in asset size as of each quarterly Call Report.

confidential by the Board pursuant to exemption 4 of the Freedom of Information Act (5 U.S.C. 552(b)(4)).

Board of Governors of the Federal Reserve System, September 29, 2021.

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